

KOGI IRON
LIMITED

ABN 28 001 894 033

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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Directors

Craig Hart	Non-Executive Chairman
Peter Huljich	Non-Executive Director
Richard Little	Non-Executive Director
Sean Gregory	Non-Executive Director

Company Secretary

Ray Ridge

Registered Office and Principal Place of Business

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Share Register

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Perth WA 6000
Tel: +61 1300 554 474
Fax: +61 2 9287 0303

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Tel: +61 8 6382 4600
Fax: +61 8 6382 4601

Solicitors

Steinepreis Paganin
Level 4, The Read Building
16 Milligan Street
Perth WA 6000

Bankers

Commonwealth Bank

Stock Exchange Listing

Kogi Iron Limited securities are listed on the Australian Securities Exchange (ASX).
ASX Code: KFE and KFEOA

Website address

www.kogiiron.com

Your Directors present their report on the consolidated entity consisting of Kogi Iron Limited and the entities it controlled at the end of, or during, the year ended 30 June 2021. Throughout the report the consolidated entity is referred to as the Group.

Principal activities

During the financial year the principal continuing activities of the Group consisted of test work activities and evaluation studies at the Agbaja Cast Steel Project in Kogi state, Federal Republic of Nigeria ("Nigeria") ("Agbaja Project").

Review of operations

The loss for the Group after tax amounted to \$2,743,982 (30 June 2020: \$3,096,480).

The loss for the year ended 30 June 2021 was primarily attributable to the exploration and evaluation expenditure of \$518,318 (2020: \$633,947). Other net operating costs for the year were \$2,225,664 (2020: \$2,462,533) associated with the group's ongoing evaluation studies for the Agbaja Cast Steel Project in Nigeria.

During the year, the Company has incurred net cash outflows from operating and investing activities of \$1,493,448 (2020: \$2,343,222) and as at 30 June 2021, the Company had net assets of \$884,575 (2020: net assets \$1,387,677). On the matter of the Company continuing as a going-concern (refer note 28(a)(i) – "going concern" in the attached accounts for details), at the date of this report the Directors believe that there are currently sufficient funds to meet the Company's immediate working capital requirements.

Agbaja project update

With the 100% owned Agbaja Integrated Cast Steel Project ("Agbaja" or "the Project") in southern Nigeria, Kogi Iron Limited ("Kogi" or "the Company") is well placed to take advantage of the Nigerian Government's target, as part of the Economic Recovery and Growth Plan ("ERGP"), for the country to become self-sufficient in steel production.

The Company is currently undertaking a Feasibility Study on the Project, which is planned to produce competitively priced steel billet. The cornerstone for the Project is the Agbaja oolitic iron deposit, which has a Mineral Resource Estimate ("MRE")¹ of 586.3 Mt @ 41.3% Fe and is of suitable quality and size to feed a long-term operation; this also has considerable expansion potential, as it covers only 20% of the prospective geology.

Agbaja is ideally located with regards to the availability of raw materials, including coal and limestone and the 100% owned Agbaja iron deposit. In addition, the Project will have ready access to labour and light engineering services in the nearby towns, including the state capital, Lokoja (pop. 200,000).

The Project is largely permitted, with key Mining Leases being granted, and the vital Community Development Agreement ("CDA") being previously approved by both the local communities and the Federal Government - the signing of the CDA highlights the strong relationship between the Company and the supportive local community in addition to strong government support.

The planned production process uses well proven, off the shelf equipment including rotary sponge kilns to produce direct reduced iron ("DRI") and electric arc furnaces/converters to upgrade this to the final steel billet product. The suitability of the Agbaja ore for this process has now been demonstrated.

Feasibility study

Operations during the year were significantly interrupted by a number of corporate activities including change in corporate and project management and the raising of capital vital to feasibility study works. The pause in the feasibility process is now back on track with a number of significant milestones being achieved in the second half of the year.

¹ Refer ASX Announcement 10 December 2013 for details of the MRE.

The feasibility process is likely to include but not limited to the following steps

- | | |
|--|--|
| • Operating cost review | (completed) |
| • Production process review | (completed) |
| • Scoping and baseline economics | (underway) |
| • Metallurgical testing | (underway) |
| • Mineral Resource and Reserves | (Resource published) |
| • Mining methods and mine engineering | (initial studies completed – final studies underway) |
| • Project infrastructure including;
Site, plant, mine facilities, open pit, waste & tailing storage | (design work outstanding) |
| • Geotechnical (pit and plant site) | (outstanding) |
| • Hydrology and hydrogeology | (outstanding) |
| • Environmental studies | (EES – mining complete. plant required) |
| • Market studies | (prelim. Completed. Final outstanding) |
| • Risk and opportunity assessment | (outstanding) |
| • Modelling and Economic evaluation' | (outstanding) |

The following details the progress and plans for the some of the above feasibility line items.

Intellectual property

Given the lengthy gestation period, changes in management and key personnel one of the key activities during the year was to undertake a document review to determine what reports were on hand, what required a refresh and what reports were redundant. As part of this process some 40,000 documents were catalogued and sorted into what is now an extensive data base on company intellectual property for the Agbaja project.

Operating Costs and Process Review

The preliminary outcomes associated with an operating cost and process review conducted during the second half of the year and forms part of the first phase of the feasibility study, were particularly pleasing as summarised below;

- a) Process review: The review conducted by Tenova along with FL Smidth (FLS) and Uvan Hagfors Teknolgi (UHT) initially considered the likely technological processes required in the Agbaja steel manufacturing process including the likely commercial scale equipment that might best replicate the pilot scale study conducted by Mintek in 2018.

The outcomes of this part of the study demonstrated technical feasibility, insofar as an ability to produce commercial grade steel utilising technology commonly available. This was a significant confirmation and will have on going positive implications for the project design phase. Obviously, any reduced requirement for specialised or bespoke equipment and processes will make the next phases of the feasibility study and indeed operations, more straight forward.

- b) Operating Costs: The operating cost review delivered positive findings with respect to project economics at an operating cost level. A significant part of the good result was contributed by the operations review and calculated improved energy consumption which is likely to flow on to energy costs.

The Company can now make reasonable estimates that indicate the production cost of steel billets to be materially lower than previous estimates provided to the Company (the previous work was undertaken by Farnborough Engineering Consultants Ltd - referred to in the ASX September 2019 Quarterly Report, lodged 13 October 2019).

This is significant in two respects:

- i. Previous operating cost review undertaken estimated operating costs per tonne materially higher than the current estimate (Farnborough Engineering Consultants Ltd - referred to in the ASX September 2019 Quarterly Report), and
- ii. The Agbaja project, once commissioned, is most likely to deliver a steel importation replacement program for Nigeria. In the course of the operations review, market intelligence in Nigeria and other sources have cited imported steel costing in excess of US\$1000 per tonne to import. The operating cost review confirms this project is very competitive to replace steel importation.

The existing steel market in Nigeria is not sophisticated and steel pricing is not officially reported, however the Company refers to the report previously prepared by Fastmarkets MB, and announced to the ASX on 16 January 2019, which forecast a long-term average billet price over the period from 2019 to 2030 of US\$476 per tonne with a range of US\$428 per tonne to US\$513 per tonne ex-works Lokoja, Nigeria. Based on these revenue forecasts, the updated operating cost review, and the current price of importing steel into Nigeria gives

the Company confidence in the economics of the Agbaja Project and progressing with further investment in detailed feasibility studies and more test work.

Testing

A significant body of work presently being undertaken involves testing work on the bulk sample of Agbaja iron ore presently stored at Johannesburg, South Africa. The importance of this work cannot be underestimated and on completion will be the last of the key milestones achieved before the balance of the feasibility study can commence. The test work includes the use of a bulk sample of the coal proposed for the Agbaja project. This has been sourced and currently being prepared and permitted for use.

The test work comprises the following key elements:

Ore preparation

This process will utilise the representative bulk sample currently stored at Johannesburg and will involve its preparation by scrubbing ahead of the DRI testing, most likely in the FLS facilities in the USA. Studies to date have indicated the scrubbing process offers significant benefits regarding operating cost.

DRI production

DRI production is the area of greatest sensitivity and requiring additional test work in the process flowsheet. Albeit the process is well established, the Kogi iron ore is of course unique. The key risks are associated with yield and operability. Testing will consider the:

- i. integrity of goethite i.e. will it physically degrade as the chemically bound water is released or create favourable porosity for metallization?
 - ii. Requirement of a two-stage kiln process and consideration of high chemical water content of goethite.
 - iii. Fines generation (degree of) – within reason, the fines should not be a problem for the furnace, but fines may cause issues in the kiln.
 - iv. degree of metallisation.
 - v. grade of the bulk sample i.e., relative to the design grade. Kiln capacity will be designed to facilitate lower grade processing.
- None of these risks are considered “showstoppers”, but rather important risks to understand in details to ensure that the plant design is optimised for the ore feed.

Smelting

The study aims to adequately demonstrate and confirm concepts (open arc, open bath) considering the tougher conditions due to ore being processed without prereduction.

A desktop study is likely to be conducted to evaluate various scenarios with respect to energy requirement and recovery sensitivities.

EAF (Electric Arc Smelting) of iron ore is a well-established process step and no value will be gained through another pilot study. This represents a cost and time saving in the feasibility process.

Converting and casting

It is proposed to conduct tests on synthetic metal. Converting is an established process step and the feed material can be simulated by adding phosphorus and other diluent metals to molten iron. This step represents a low risk for the overall project. Once again this represents a cost and time saving for the feasibility study.

Medium term - main body and compilation of the feasibility study

During the metallurgical testing being conducted over the coming months work will also commence on a number of parallel activities. A number of design parameters will flow from the outcome of the test work so that work is on the critical path. Once these parameters are identified detail plant and mining design will then be commissioned. Preliminary plans have been completed.

The update of the current approved Environment Effects Statement (EES) to incorporate the plant will commence during the year. The current EES have been approved for mining operations only. Operations of the plant will now be required to be included via amendment.

As highlighted in the operating cost review section above it was reported that energy consumption represents a significant component of total operating costs, albeit at recently identified savings. The reliable supply of energy and an acceptable unit rate is of critical interest to the Project. To that end specialist consultants will be appointed in the coming months to assist with planning and quantification.

The Company has released an Indicated and Inferred resource, as referred to above of 586.3 Mt @ 41.3% Fe.

Economic modelling will be one of the final tasks to complete in the feasibility study although the framework for the model will be prepared early next year.

Tenements

The Company has the following mining and exploration tenements located in the Federal Republic of Nigeria and KCM has a 100% interest in each tenement:

- Mining Lease 24606
- Mining Lease 24607
- Mining Lease 25376
- Mining Lease 29796
- Exploration Licence 28784 (KCM is in the process of converting EL 28784 to a mining lease)
- Exploration Licence 32561

Nigeria and South Africa

Operations in Nigeria have centred on keeping the tenements in good standing and relationships with the local community and government, and other stakeholders is in good order. On the ground activities includes assistance with the interpretation of regulatory requirements and in with the planning process for the feasibility process.

The Agbaja project is located in Kogi State, central Nigeria. A substantial amount of project consulting work is conducted out of Johannesburg, South Africa. Like most places in the world these locations have been affected by the Covid-19 pandemic. Nigeria has also experienced an outbreak of cholera seemingly higher than previous seasons occurrences. Covid-19 testing and a vaccination program in Nigeria is minimal. South Africa has similarly experienced Covid-19. The Company has experienced delays in the supply chain generally. Delays in certain deliverables are being scheduled in as contingencies.

Environmental, Social & Governance

The KCM Mining team continues to meet and coordinate our activities with our Agbaja host communities, providing regular updates on our Agbaja project status and progress, particularly with our feasibility study progress DFS, and supported within our Kogi Iron Board and our board Chairman in those meetings.

Our five year (5yr) CDA, agreement is due for renewal in December of this year, and we have already begun those discussions with our host community leaders, and we are very confident that the renewal of our CDA agreement will be approved to the satisfaction of all parties.

We remain solidly committed to our host communities, and any work we carry out within our host communities areas wherever possible, we provide contract employment to our indigenous people and local communities, as we have always done, KCM Mining, has a very good Environment and Social & Governance record at all levels and that also includes at Federal Government Ministries level.

Corporate

During the year, the Company completed two capital raises and a rights issue raising a total of \$3.58 million (before capital raise costs) to fund progress on key activities required to progress the feasibility study on its wholly-owned Agbaja Plateau iron ore mining and cast steel mill project.

The capital raising comprised:

- 71,250,000 shares issued 1st December 2020 by way of private placement raising a total of \$1.425m
- On 23 April 2021, Kogi entered into a subscription agreement with Diversified Metals LLC (a US based entity), subject to shareholder approval which was obtained on 11 June 2021. Under the subscription agreement, the subscriber agreed to invest an aggregate amount of up to A\$6,500,000 in the Company and in return Kogi agreed to issue shares with an aggregate subscription price of up to A\$6,780,000. Kogi will issue shares in relation to all or part of the subscription placement made by the subscriber at the subscribers request, within 24 months of the date of the corresponding prepayment. On 18 June 2021, \$2m in placement proceeds were received from Diversified Metals Holdings LLC. Refer note 9 for further details.
- A Rights Issue was announced on 26 April 2021 offering eligible shareholders 1 new share for every 4 fully paid share held in the Company at 5.00pm AEST 7 May 2021 at an issue price of A\$0.018. The rights issue closed 22 June 2021 with a total of 8,756,638 shares being issued, raising a total of \$157,620.

During the year the board of directors was restructured with Mr Craig Hart was appointed as Chairman of the Board of Directors, along with new Non-executive director appointments; Messrs Richard Little and Sean Gregory, with Messrs Greg Boulton and David Turvey retiring during the year.

Covid-19

Impacts on operations in Nigeria include the lockdown of Abuja (Federal Capital), restrictions to interstate travel and closure of Nigeria's Mines Department, which has largely limited the Company's business to within the Kogi State. Various restrictions are in place from time to time. Covid-19 testing, the availability of vaccines and a vaccination program is limited.

Operational matters have been progressed despite COVID-19 but it is anticipated that supply chains, and ready availability of resources are likely to be impacted going forward.

Health and safety practices for staff, contractors and the community we operate are in place to minimise the risk of COVID19 contraction or spread: These practices include:

- Working from home where appropriate,
- limited travel and physical contact with the Agbaja Plateau Communities,
- the use of face masks in public (in Australia and Nigeria); and
- ensuring the availability of sanitiser and social distance in the office and work environment.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial year.

Events since the end of the financial year

On 23 September 2021, the Company announced the execution of a binding terms sheet to acquire Macro Metals Limited (Macro Metals), an unlisted Australian public company that beneficially owns 100% of iron ore tenements located within three producing iron ore jurisdictions in Western Australia. The consideration payable for Macro Metals is:

- 10,000,000 Kogi Shares at an agreed price of 1.3c per Share for the exclusive option for 60 days, for Kogi to complete satisfactory due diligence (Shares issued 24 September 2021);
- 384,615,385 Kogi shares to be issued at completion at an agreed price of 1.3c per Share; and
- a 1.5% FOB royalty, less any other third-party royalties.

In addition, nominees of Macro Metals will subscribe for a \$1M placement in Kogi at an issue price of 1.5c per share, with up to a further \$1M targeted to be placed by Kogi, for a total placement of up to \$2M (Placement).

The Proposed Acquisition and Placement are subject to Shareholder approval at an upcoming General Meeting to be held in November 2021. Macro Metals will have a right to appoint a non-executive director to the board of Kogi.

On 9 September 2021, the Company issued 43,636,364 ordinary shares fully paid shares following receipt of a settlement notice for a face value of \$480,000 under the Subscriptions Agreement with Diversified Metals LLC (refer note 9). Following the issue of these shares, the remaining face value of the subscription right is \$1,660,000.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact on the consolidated entity up to 30 June 2021 other than as outlined above, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

As at the date of this Directors' Report, the Directors are not aware of any other matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group subsequent to 30 June 2021.

Likely developments and expected results of operation

The focus for the Company is the completion of key activities required for a Feasibility Study for the Agbaja Cast Steel Project in Nigeria. In addition, on 19 September 2021, Kogi entered into a binding term sheet to acquire Macro Metals Limited, an unlisted Australian public company that beneficially owns 100% of iron ore tenements located within three producing iron ore jurisdictions in Western Australia. Refer to the above section titled, Events since the end of the financial year.

Environmental regulation

The Company holds various exploration licences and mining leases granted under the *Nigerian Minerals and Mining Act 2007*, that regulate its exploration activities in Nigeria. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of the Company's exploration and development activities.

At the date of this report no agency has notified the Company of any environmental breaches during the financial year, nor are the Directors aware of any environmental breaches.

Directors

The following persons were Directors of Kogi Iron Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Current Directors:

<u>Name:</u>	Craig Hart
Title:	Non-Executive Director & Chairman (appointed 15 September 2020)
Qualifications:	Bachelor of Laws , Bachelor of Arts
Experience and expertise:	Craig has extensive legal and commercial experience over three decades across Asia and Australia. He is particularly experienced in the corporate advisory and mergers and acquisition arena. Craig has held senior executive roles with Omnicom (NYSE) and Photon Group (ASX) (now Enero), and previously a Non-Executive Director of Venture Crowd, Hilco Asia Pacific and Guardian Securities Limited.
Other current directorships:	Assembled Group - Executive Chairman Strikeforce - Non-Executive Director
Former directorships (in the last 3 years):	None
Interests in securities:	20,000,000 unlisted options expiring 15 December 2025 (5,000,000 exercise price \$0.03; 5,000,000 exercise price \$0.05 subject to vesting conditions; and 10,000,000 exercise price \$0.10 subject to vesting conditions)

<u>Name:</u>	Peter Huljich
Title:	Non-Executive Director, Chairman of Remuneration & Nomination Committee and Chairman of Audit & Governance Committee (appointed 7 May 2019)
Qualifications:	BCom/LLB, GD-AppFin, GAICD
Experience and expertise:	Mr Huljich has over 25 years' experience in the legal, natural resources and banking sectors with a particular expertise in capital markets, mining, commodities and African related matters. He has worked in London for several prestigious investment banks, including Goldman Sachs, Barclays Capital, Lehman Brothers and Macquarie Bank, with a focus on Commodities and Equity and Debt Capital Markets. He has extensive on-the-ground African mining, oil & gas and infrastructure experience as the Senior Negotiator and Advisor for Power, Mining and Infrastructure at Industrial Promotional Services, the global infrastructure development arm of the Aga Khan Fund for Economic Development (AKFED) whilst resident in Nairobi, Kenya.
Other current directorships:	AVZ Minerals Limited (ASX listed: AVZ), Amani Gold Limited (ASX:ANL) and GoldOz Limited (ASX:G79)
Former directorships (in the last 3 years):	None
Interests in securities:	1,399,140 listed options with a \$0.10 exercise price, expiring 31 December 2021 and 12,000,000 unlisted options expiring 15 December 2025 (3,000,000 exercise price \$0.03; 3,000,000 exercise price \$0.05 subject to vesting conditions; and 6,000,000 exercise price \$0.10 subject to vesting conditions)

Name: **Richard Little**
Title: Non-Executive Director
 (appointed 9 November 2020)
Qualifications: Bachelor of Economics and Chartered Accountant
Experience and expertise: Richard Little is an experienced CFO with over 25 years finance experience working within ASX listed companies as well as start-ups and small to medium privately-owned organisation. His previous ASX listed roles include CFO and Country Manager for Indonesia with AED Oil Limited and General Manager Finance with Newcrest Mining Limited. He previously had over 10 years experience with Deloitte Corporate Finance and Audit & Advisory Services divisions. Richard is currently a Director of Hanging Rock Consulting Pty Ltd, providing CFO financial services to private and small to mid-cap listed ASX companies. With a combination of technical and commercial skills he provides companies experiencing growth and expansion with CFO services, capital raising, corporate advisory & transaction support and the establishment of appropriate business systems, financial strategies and corporate governance services.
Other current directorships: Nil
Former directorships (in the last 3 years): Nil
Interests in securities: 12,000,000 unlisted options expiring 15 December 2025 (3,000,000 exercise price \$0.03; 3,000,000 exercise price \$0.05 subject to vesting conditions; and 6,000,000 exercise price \$0.10 subject to vesting conditions)

Name: **Sean Gregory**
Title: Non-Executive Director
 (appointed 9 November 2020)
Qualifications: BSc (Hons Geology), MBA
Experience and expertise: Sean Gregory is a senior resources industry leader with more than 20 years' experience in iron ore, lithium, cobalt, nickel and gold exploration, development and mining. He is currently CEO of Great Southern Mining (ASX:GSN). Previously he has held leadership roles with Barra Resources, Mineral Resources, Murchison Metals, and BHP.
Other current directorships: Nil
Former directorships (in the last 3 years): Barra Resources Limited (ASX:BAR)
Interests in securities: 12,000,000 unlisted options expiring 15 December 2025 (3,000,000 exercise price \$0.03; 3,000,000 exercise price \$0.05 subject to vesting conditions; and 6,000,000 exercise price \$0.10 subject to vesting conditions)

Previous Directors:

Greg Boulton (resigned as Non-Executive Director 15 December 2020)
 David Turvey (resigned as Non-Executive Director 15 December 2020)

Company Secretary

Ray Ridge: Mr Ridge is a chartered accountant with over 25 years accounting experience and was appointed as Company Secretary 1 May 2020; he has held senior management positions in finance, compliance and commerce across a range of industries. He is currently CFO and Company Secretary for dual ASX and AIM-listed Thor Mining PLC, Company Secretary and CFO and Company Secretary for LBT Innovations Ltd and CFO for ASX-listed Southern Gold Ltd.

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Craig Hart (appointed 15 September 2020)	13	13
Peter Huljich	16	16
Richard Little (appointed 9 November 2020)	8	8
Sean Gregory (appointed 9 November 2020)	8	8
David Turvey (resigned 15 December 2020)	10	10
Greg Boulton (resigned 15 December 2020)	10	10

Held: represents the number of meetings held during the time the director held office that the director was entitled to attend.

Remuneration Report (Audited)

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of Kogi Iron Limited for the year ended 30 June 2021. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

The remuneration report details remuneration arrangements for Key Management Personnel who are defined as those having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

The report contains the following sections:

- (a) Key management personnel disclosed in this report
- (b) Remuneration governance
- (c) Use of remuneration consultants
- (d) Executive remuneration policy and framework
- (e) Relationship between remuneration and Kogi Iron Limited's performance
- (f) Non-executive director remuneration policy
- (g) Voting and comments made at the Company's annual general meeting
- (h) Details of remuneration
- (i) Service Agreements
- (j) Equity instruments held by key management personnel
- (k) Other transactions with key management personnel

(a) Key management personnel disclosed in this report

Non-executive and executive directors (see pages 6-7 for details about each director)

Craig Hart (appointed 15 September 2020)

Peter Huljich

Sean Gregory (appointed 9 November 2020)

Richard Little (appointed 9 November 2020)

Greg Boulton (retired 15 December 2020)

David Turvey (retired 15 December 2020)

Except where noted, the named persons held their current positions for the whole of the financial year and since the financial year end.

(b) Remuneration governance

The Board established a Remuneration and Nomination Committee in May 2019. The role of the committee is to assist the Board, in particular will:

- Consider Board and committee structure and composition as well as monitoring succession planning and the development of senior management; and
- Ensure that the Company has an appropriate strategy in place for executives that align their interests with that of Company shareholders.

Prior to the establishment of the Committee, the Board as a whole or with sub-committee as required, would manage the matters normally dealt with by a formal remuneration committee

The Corporate Governance Statement provides further information on how the Company governs remuneration.

(c) Use of remuneration consultants

The Board did not engage a remuneration consultant to make any recommendations in relation to its remuneration policies or any of the key management personnel for the group during the financial year covered by this report.

(d) Executive Remuneration policy and framework

The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency.

The Remuneration & Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the group.

Alignment to shareholders' interests:

- Has had key milestone achievement as a core component of plan design.
- Focuses on growth in shareholder wealth, consisting of growth in share price which should follow from the achievement of key milestones, as well as focusing the executive on key non-financial drivers of value.
- Attracts and retains high calibre executives.

Alignment to program participants' interests:

- Rewards capability and experience.
- Reflects competitive reward for contribution to growth in shareholder wealth.
- Provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

The Company has operated without an executive Director since the retirement of Mr Turvey as Managing Director on 9 November 2020 (and retired as Non-Executive Director 15 December 2020). Subsequent to this date, the entire Board along have taken a hands-on role in reinvigorating the Company's feasibility study activities, with the assistance of Mr Trevor Slater as Project Manager.

(i) Executive remuneration mix

To ensure that executive remuneration is aligned to company performance, a portion of the executives' target pay may be "at risk". There was no executive remuneration that comprised an "at risk" component during the year.

(ii) Base pay and benefits

Executives receive their base pay and benefits structured as a total employment cost package which is delivered as cash remuneration.

Base pay is reviewed annually or on promotion. Base pay is benchmarked against market data for comparable roles in the market.

(iii) Superannuation

The Company makes statutory superannuation contributions based on the executive director's fixed base remuneration.

(iv) Short Term Incentives and Long Term Incentives

There is no short term or long term incentives is currently offered by the Company for any executive position.

(v) Share Trading Policy

The Kogi Iron Limited securities trading policy applies to all directors and executives and only permits the purchase or sale of Company securities during certain periods provided trading of the securities is not prohibited by any other law.

(e) Relationship between remuneration and Kogi Iron Limited performance

In considering the Group's performance and benefits for shareholder wealth, the Board have regarded the following key financial indicators:

	2021	2020	2019	2018	2017
<i>Profit/(Loss) attributable to owners of Kogi Iron Limited</i>	(2,743,982)	(3,096,480)	(2,537,274)	(3,310,869)	(1,976,867)
Share Price at 30 June	0.014	0.038	0.068	0.17	0.023
Increase (Decrease) in share price	(64%)	(44%)	(60%)	639%	15%

(f) Non-executive directors' remuneration policy

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of the director.

Non-executive directors receive a Board fee and historically the non-executive directors have participated in the Company Loan Performance Share Plan, however currently there are no Performance Shares on issue to the directors pursuant to the plan.

Board fees are reviewed from time to time by the Board and the Board may receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting of shareholders. The most recent determination was at the annual general meeting held on 30 November 2011, where shareholders approved an aggregate non-executive director remuneration pool of \$500,000 per annum.

Board fees (per year)

Chairman	\$100,000
Other Non-Executive Directors	\$ 60,000

Director consulting fees

Chairman

The Board approved an additional salary of \$5,000 per month for the Chairman from 1 November 2020, whilst the Company elects not to appoint a Chief Executive Officer as a cost saving initiative. This is in recognition of the increased workload for the Chairman during this period.

Other Non-Executive Directors

Directors are permitted to invoice for additional consulting time over and above what is reasonably expected for the time commitments a Non-Executive Director role. Such additional amounts are invoiced at normal commercial rates and subject to approval by the Chairman. Additional amounts invoiced during the reporting period are disclosed below at paragraph (h) of the Remuneration Report.

(g) Voting and comments made at the Company's 2021 Annual General Meeting

At the Company's 2020 Annual General Meeting, the Company received 81% of votes in favour of adopting its 2020 remuneration report.

DIRECTORS' REPORT



(h) Details of remuneration

The following tables show details of the remuneration of the group's key management personnel for the current and previous financial years:

2021	Short-term benefits				Post-employment benefits	Long-term benefits		Share based payments ^{7, 8}	Total	Proportion of remuneration performance related & share based payments
Name	Directors Fees	Consulting	Short term incentive	Non-monetary	Superannuation					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Craig Hart ^{1, 8}	80,829	40,000	-	-	-	-	-	190,613	311,442	61.2%
Richard Little ^{2, 8}	38,667	7,500	-	-	-	-	-	114,368	160,535	71.2%
Sean Gregory ^{3, 8}	40,000	-	-	-	-	-	-	114,368	154,368	74.1%
Peter Huijich ^{4, 8}	60,000	-	-	-	-	-	-	143,199	203,199	70.5%
David Turvey ^{5, 7}	2,500	88,625	-	-	-	-	-	(86,942)	4,183	n/a
Greg Boulton ^{6, 7}	41,751	-	-	-	-	-	-	(66,581)	(24,830)	n/a
	263,747	136,125	-	-	-	-	-	409,025	808,897	

¹ As at 30 June 2021 \$13,333 is payable to Mr Craig Hart (2020: Nil) appointed 15th September 2020

² As at 30 June 2021 \$5,000 is payable to Mr Richard Little (2020: Nil) appointed 9th November 2020

³ As at 30 June 2021 \$5,000 is payable to Mr Sean Gregory (2020: Nil) appointed 9th November 2020

⁴ As at 30 June 2021 \$5,000 is payable to Mr Peter Huijich (2020: \$32,193)

⁵ Resigned 15th December 2020. As at 30 June 2021 no amount is payable to Mr Turvey (2020 \$47,193)

⁶ Resigned 15th December 2020. As at 30 June 2021 no amount is payable to Mr Boulton (2020 \$51,082)

⁷ The unvested performance rights held by Messrs Boulton and Turvey were relinquished 9 November 2020 before the vesting dates. Messrs Boulton and Turvey retired as directors following the Annual General Meeting on 15 December 2020. \$153,523 previously expensed in the year ended 30 June 2020 was reversed as a credit through profit or loss and other comprehensive income in the period ended 30 June 2021.

⁸ The Company issued 56,000,000 unlisted options to Messrs Hart, Little, Gregory and Huijich following shareholder approval on 15 December 2020. The fair value of the options was estimated on that date as \$824,828, based on a Black-Scholes valuation methodology. The fair value of the options is being expensed over the vesting periods of the options, with \$557,037 expensed in the year ended 30 June 2021 (refer to the table on the following page for further information). In the case of Mr Huijich, the above share based payments also includes an amount of \$5,511, being the remaining unexpensed value of 750,000 Class B Performance Rights that lapsed on 9 December 2020, as the performance conditions had not been met.

2020	Short-term benefits				Post-employment benefits	Long-term benefits		Share based payments	Total	Proportion of remuneration performance related & share based payments
Name	Directors Fees	Consulting	Short term incentive	Non-monetary	Superannuation					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<i>Non-Executive Directors:</i>										
Greg Boulton ²	83,329	31,125	-	-	-	-	-	66,581	181,035	36.8%
Peter Huijich ⁴	60,000	-	-	-	-	-	-	66,581	126,581	52.6%
Don Carroll ¹	61,111	19,750	-	-	-	-	-	-	80,861	-
<i>Executive Directors:</i>										
David Turvey ³	5,000	308,450	-	-	-	-	-	86,942	400,392	21.7%
Martin Wood ⁵	-	31,250	-	-	-	-	-	-	31,250	-
	209,440	390,575	-	-	-	-	-	220,104	820,119	

¹ Resigned 2nd April 2020. As at 30 June 2020 no amount was payable to Mr Carroll.

² At 30 June 2020 \$51,082 was payable to Mr Greg Boulton (2019: \$35,500).

³ As at 30 June 2020 \$47,192 was payable to Mr David Turvey (2019: 9,385)

⁴ As at 30 June 2020 \$32,193 was payable to Mr Peter Huijich (2019: 9,385)

⁵ Resigned 5 August 2019, paid as a consultant for the following 2 months after resignation date. As at 30 June 2020 no amount was payable to Mr Wood (2019: \$199,830).

Share-based remuneration granted as compensation

There was no share-based remuneration granted as compensation during the year ended 30 June 2021, other than the unlisted options noted below.

Options

56,000,000 unlisted options were issued to continuing directors on 16 December 2020, following shareholder approval at the Company's Annual General Meeting held 15 December 2020. The options are being expensed over the vesting periods.

Name	Tranche 1	Tranche 2	Tranche 3	Total	Fair Value	Share Based Payment Expense	Remaining Fair Value in vesting period
	No.	No.	No.	No.	\$	\$	\$
Craig Hart	5,000,000	5,000,000	10,000,000	20,000,000	283,450	190,613	92,837
Richard Little	3,000,000	3,000,000	6,000,000	12,000,000	170,070	114,368	55,702
Sean Gregory	3,000,000	3,000,000	6,000,000	12,000,000	170,070	114,368	55,702
Peter Huijich ¹	3,000,000	3,000,000	6,000,000	12,000,000	201,238	137,688	63,550
	14,000,000	14,000,000	28,000,000	56,000,000	824,828	557,037	267,791

¹ The options issued to Peter Huijich replace the 6,750,000 relinquished performance rights. In line with Accounting Standards, the fair value of the unvested performance rights of \$110,990 (revalued as at 15 December 2020 based on the closing price of Ordinary Shares traded on the ASX on 14 December 2020) together with the \$59,080 incremental fair value of the new director's options over and above the revalued performance rights. The total value of \$201,238 is expensed over the modified vesting period of the new options (being to 31 December 2021).

The fair value of the director options were estimated at the date of approval by shareholders on 15 December 2020, based on a Black-Scholes model using a underlying ordinary share price of \$0.022 at the date of shareholder approval, a volatility of 109%, a risk free rate of 0.35%, expiry dates of 15 December 2025 and otherwise taking into account the terms and conditions upon which the options were granted:

	Exercise Price	Vesting Conditions	Fair Value Per Option
Tranche 1	\$0.03	Vests immediately	\$0.01635
Tranche 2	\$0.05	Vest upon successful capital raises of \$4,000,000 or more, prior to 15 December 2021	\$0.01490
Tranche 3	\$0.10	Vest upon the earlier of: the volume weighted average price of the Company's Shares traded on the ASX for 30 consecutive business days exceeding A\$0.15; or 31 December 2021	\$0.01272

Performance Rights

26,000,000 Performance Rights were issued to all Directors as part of the Employee Incentive Plan which was approved by shareholders at the AGM on the 26 November 2019. The performance rights granted were all relinquished or lapsed during the year ended 30 June 2021, refer Note 23 of the Annual Financial Statements.

Name	Balance 01/07/20	Granted during the year	Exercised / lapsed during the year	Relinquished during the year	Vested as at 30/06/21	Balance as at 30/06/21
	No.	No.	No.	No.		No.
Greg Boulton AM	7,500,000	-	-	(7,500,000)	-	-
David Turvey	9,000,000	-	-	(9,000,000)	-	-
Peter Huijich	7,500,000	-	(750,000)	(6,750,000)	-	-
	24,000,000	-	(750,000)	(23,250,000)	-	-

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in the STI and LTI plans is subject to the discretion of the Board. Other major provisions of the services agreements are set out below.

Name	Term of agreement and notice period *	Base salary (including superannuation)	Termination payments
Craig Hart ** Non-executive Chairman	No fixed term No notice period required	\$8,333 per month	none
Peter Huljich Non-executive Director	No fixed term No notice period required	\$5,000 per month	none
Richard Little Non-executive Director	No fixed term No notice period required	\$5,000 per month	none
Sean Gregory Non-executive Director	No fixed term No notice period required	\$5,000 per month	none
Greg Boulton Non-executive Chairman (retired 9 November 2021) Non-Executive Director (retired 15 December 2021)	No fixed term No notice period required	\$8,333 per month	none
David Turvey *** Managing Director (retired 9 November 2021) Non-Executive Director (retired 15 December 2021)	No fixed term No notice period required	-	none

* The notice period applies equally to either party

** Mr Hart was initially appointed a Director on 15 September 2020 with an annual fee of \$90,000 per annum, invoiced monthly. This was increased to \$100,000 per annum from 1 December 2020 following Mr Hart's appointment as Chairman.

*** Mr Turvey was paid consulting fees as Managing Director through to his retirement on 9 November 2020, refer below. A final payment of \$2,500 was made for his continuing role as a Non-Executive Director from 10 November 2020 to 15 December 2020. Mr Turvey was not otherwise paid Directors fees in addition to his remuneration as a Managing Director.

Consulting fees

The Board approved an additional fee of \$5,000 per month from 1 November 2020 from Mr Hart, whilst the Company elects not to appoint a Chief Executive Officer as a cost saving initiative. This is in recognition of the increased workload for the Chairman during this period.

Directors are permitted to invoice for additional consulting time over and above what is reasonably expected for the time commitments a Non-Executive Director role. Such additional amounts are invoiced at normal commercial rates and subject to approval by the Chairman. Additional amounts invoiced during the reporting period are disclosed above at paragraph (h) of the Remuneration Report.

Mr Turvey invoiced the Company for services provided as Managing Director, at an hourly rate of \$250 per hour, capped at \$2,000 per day. From 1 March 2020, the monthly fees were capped at \$20,000. Mr Turvey retired as Managing Director on 9 November 2020 (and retired as a Non-Executive Director 15 December 2020).

(i) Equity instruments held by key management personnel

The tables below show the number of shares and options in the Company that were held during the financial year by key management personnel of the group. The shares and options nominally held are included in the balance at end of the year and includes holdings by their close family members and entities related to them.

Ordinary shares

2021	Balance at start of year	Shares held at date of appointment or resignation	Other changes during the year ¹	Balance at end of year	Changes subsequent to year end	Balance at date of report
Name	No.	No.	No.	No.	No.	No.
Craig Hart	-	-	350,000	350,000	-	350,000
Peter Huljich	-	-	-	-	-	-
Richard Little	-	-	-	-	-	-
Sean Gregory	-	-	-	-	-	-
David Turvey	752,666	752,666	-	-	-	-
Greg Boulton	1,178,056	1,178,056	-	-	-	-

¹ Acquired on market.

Listed options – Exercise price \$0.10 expiry 31 December 2021

2021	Balance at start of year	Options held at date of appointment or resignation	Other changes during the year	Balance at end of year	Changes subsequent to year end	Balance at date of report
Name	No.	No.	No.	No.	No.	No.
Craig Hart	-	-	-	-	-	-
Peter Huljich	1,399,140	-	-	1,399,140	-	1,399,140
Richard Little	-	-	-	-	-	-
Sean Gregory	-	-	-	-	-	-
David Turvey	932,760	932,760	-	-	-	-
Greg Boulton	-	-	-	-	-	-

Unlisted options

2021	Balance at start of year	Options held at date of appointment or resignation	Other changes during the year	Balance at end of year	Changes subsequent to year end	Balance at date of report
Name	No.	No.	No.	No.	No.	No.
Craig Hart	-	-	20,000,000	20,000,000	-	20,000,000
Peter Huljich	-	-	12,000,000	12,000,000	-	12,000,000
Richard Little	-	-	12,000,000	12,000,000	-	12,000,000
Sean Gregory	-	-	12,000,000	12,000,000	-	12,000,000
David Turvey (resigned 9 Nov 2020)	-	-	-	-	-	n/a
Greg Boulton (resigned 9 Nov 2020)	-	-	-	-	-	n/a

Performance Rights

26,000,000 Performance Rights were issued to all Directors as part of the Employee Incentive Plan which was approved by shareholders at the AGM on the 26 November 2019. The performance rights granted were all relinquished or lapsed during the year ended 30 June 2021, refer Note 23 of the Annual Financial Statements.

2020	Balance at start of year	Granted during the year	Exercised / lapsed during the year	Relinquished during the year	Balance at end of year	Changes subsequent to year end	Balance at date of report
Name	No.	No.	No.	No.	No.	No.	No.
Greg Boulton AM	7,500,000	-	-	(7,500,000)	-	-	-
David Turvey	9,000,000	-	-	(9,000,000)	-	-	-
Peter Huljich	7,500,000	-	(750,000)	(6,750,000)	-	-	-

(j) Other transactions with key management personnel

Nil

This concludes the remuneration report, which has been audited

Shares under option

	Number	Exercise price	Number Vested	Expiry date
Listed options	142,328,848	\$0.10	142,328,848	31/12/2021
Unlisted options – Directors Tranche 1	14,000,000	\$0.03	14,000,000	15/12/2025
Unlisted options – Directors Tranche 2	14,000,000	\$0.05	-	15/12/2025
Unlisted options – Directors Tranche 3	28,000,000	\$0.10	-	15/12/2025
Unlisted options – Corporate Advisor	5,000,000	\$0.03	5,000,000	01/12/2023
Unlisted options – Subscription Agreement	14,800,000	\$0.023765	14,800,000	15/06/2024

Shares issued on the exercise of options

No ordinary shares were issued on the exercise of options during or since the end of the financial year.

Corporate governance

In recognising the need for the highest standards of corporate behaviours and accountability, the Directors support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the ASX Corporate Governance Council and considers the Company is in compliance with those guidelines which are of importance to the operations of the Company. Where a recommendation has not been followed, that fact has been disclosed together with the reasons for the departure.

The Company's Corporate Governance Statement and disclosures are updated annually prior to 31 October and are available on the Company's website at www.kogiron.com.

Insurance of officers

During the financial year, Kogi Iron Limited paid an insurance premium to insure the directors, secretary and officers of the Company and its Australian-based controlled entities.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company.

Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

Indemnity of auditors

Kogi Iron Limited has made no indemnity to the auditors of the Group.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignment additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

During the financial year ended 30 June 2021 the Company did not engage the auditor to provide any non-audit services and no amounts were paid or are payable to the auditor for non-audit services (2020: Nil).

Auditor's independence declaration

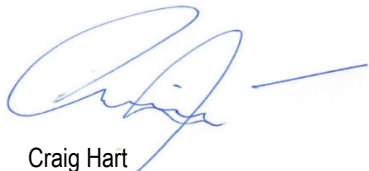
A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Craig Hart
Non-Executive Chairman
30 September 2021

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF KOGI IRON LIMITED

As lead auditor of Kogi Iron Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kogi Iron Limited and the entities it controlled during the period.



Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth, 30 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021



	Note	30/06/2021 \$	30/06/2020 \$
Continuing Operations			
Total Income	2	10,124	12,935
Expenses			
Accounting and audit fees		(53,106)	(49,644)
Consultancy fees		(153,799)	(210,355)
Travel and accommodation		(17,697)	(125,371)
Corporate expenses		(132,616)	(331,024)
Director & employee expenses	3	(404,763)	(717,869)
Share based payments expense	23	(515,056)	(586,382)
Legal fees		(33,153)	(15,853)
Occupancy		(3,727)	(19,044)
Exploration and evaluation expense		(518,318)	(633,947)
Other expenses	5	(337,939)	(3,659)
Unrealised Loss on Equity Swap Agreement	4	-	(305,575)
Realised Loss on Equity Swap Agreement	4	(583,932)	(110,692)
Profit / (Loss) before income tax expense		(2,743,982)	(3,096,480)
Income tax benefit	10	-	-
Profit / (Loss) from continuing operations		(2,743,982)	(3,096,480)
Profit / (Loss) attributable to the owners of Kogi Iron Limited		(2,743,982)	(3,096,480)
Other comprehensive income			
Items that may be reclassified to the profit or loss account:			
Exchange differences on translation of foreign operations		(6,688)	(30,091)
Total comprehensive Loss for the year attributable to the owners of Kogi Iron Limited		(2,750,670)	(3,126,571)
Loss per share for the year attributable to the owners of Kogi Iron Limited			
Basic loss per share	25	(0.003)	(0.004)
Diluted earnings (loss) per share		n/a	n/a

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021



	Note	30/06/2021 \$	30/06/2020 \$
Assets			
Current assets			
Cash and cash equivalents	6	2,955,327	573,287
Trade and other receivables	7	26,389	48,793
Financial assets at fair value through the profit and loss	4	-	851,271
Total current assets		2,981,716	1,473,351
Non-current assets			
Financial assets at fair value through the profit and loss	4	-	165,376
Property, plant and equipment		69,614	3,497
Total non-current assets		69,614	168,873
Total assets		3,051,330	1,642,224
Liabilities			
Current Liabilities			
Trade and other payables	8	166,755	254,547
Financial liabilities	9	2,000,000	-
Total current Liabilities		2,166,755	254,547
Non-current Liabilities			
Total non-current liabilities		-	-
Total liabilities		2,166,755	254,547
Net Assets / (Liabilities)		884,575	1,387,677
Equity			
Contributed Equity	11	73,901,393	72,263,886
Reserves	12	2,688,727	2,835,178
Accumulated losses		(75,705,545)	(73,711,387)
Total Equity		884,575	1,387,677

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021



	Contributed Equity (Note 11)	Accumulated Losses	Reserves (Note 12)	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2019	67,931,280	(70,614,907)	2,264,251	(419,376)
Loss for the year	-	(3,096,480)	-	(3,096,480)
Foreign exchange movements	-	-	(30,091)	(30,091)
Total comprehensive loss as reported at 30 June 2020	-	(3,096,480)	(30,091)	(3,126,571)
Contributions of equity, net of transaction costs	3,016,606	-	280,914	3,297,520
Share based payments – capital raise costs (note 23)	140,198	-	100,000	240,198
Settlement of liabilities	809,524	-	-	809,524
Share based payments expense (note 23)	366,278	-	220,104	586,382
Balance at 30 June 2020	72,263,886	(73,711,387)	2,835,178	1,387,677
Consolidated				
Balance at 1 July 2020	72,263,886	(73,711,387)	2,835,178	1,387,677
Loss for the year	-	(2,743,387)	-	(2,743,387)
Foreign exchange movements	-	-	(6,688)	(6,688)
Total comprehensive loss as reported at 30 June 2021	-	(2,743,982)	(6,688)	(2,750,670)
Contributions of equity, net of transaction costs	1,411,512	-	-	1,411,512
Subscription Agreement fee shares & options	194,164	-	126,836	321,000
Options lapsed	-	749,824	(749,824)	-
Share based payments expense (note 23)	31,831	-	483,225	515,056
Balance at 30 June 2021	73,901,393	(75,705,545)	2,688,727	884,575

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021



	Note	30/06/2021 \$	30/06/2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(911,937)	(1,673,289)
Payments for exploration, evaluation and development		(520,951)	(664,802)
Interest received		124	2,713
Other Income		10,000	
Net cash outflow from operating activities	15	(1,422,764)	(2,335,378)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(70,684)	(8,845)
Proceeds from disposal of PPE		-	1,000
		(70,684)	(7,845)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,446,389	1,510,000
Proceeds from issue of options		126,836	-
Receipts from settlement of equity swaps		432,715	267,086
Payment of issue costs		(130,452)	(288,068)
Net cash inflow from financing activities		3,875,488	1,489,018
Net increase/(decrease) in cash and cash equivalents held		2,382,040	(854,204)
Cash and cash equivalents at beginning of financial year		573,287	1,427,491
Cash and cash equivalents at end of year	6	2,955,327	573,287

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



Note 1. General information

These financial statements are consolidated financial statements for the group consisting of Kogi Iron Limited and its subsidiaries. A list of subsidiaries is included in note 19.

The financial statements are presented in the Australian currency.

Kogi Iron Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

10 George St
Stepney
SA 5056

The financial statements were authorised for issue by the directors on 30 September 2021. The directors have the power to amend and reissue the financial statements.

All ASX announcements, financial reports and other information are available at the Company's Investor Centre on its website: www.kogiiron.com.

Note 2. Income

From continuing operations

Interest received

Other income

Profit on sale of assets

Total Income

2021	2020
\$	\$
124	2,713
10,000	10,004
-	218
10,124	12,935

Note 3. Director and employee expenses

Director remuneration

Other

Total

2021	2020
\$	\$
399,872	600,015
4,891	117,854
404,763	717,869

In addition to the above cash based Directors remuneration, Directors total remuneration includes the fair value of directors options that have been expensed for the period ended 30 June 2021, the expense recognised for the directors options is \$409,025 (2020: \$220,104 performance rights). Refer note 23 for further detail.

Note 4. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

- Current
- Non-current

Total

2021	2020
\$	\$
-	851,271
-	165,376
-	1,016,647

Financial assets at fair value through profit and loss:

Opening Balance

At acquisition

Cash received on monthly swap settlements to date

Realised loss on settlements received to date

Unrealised loss – financial assets at fair value

1,016,647	-
-	1,700,000
(432,715)	(267,086)
(583,932)	(110,692)
-	(305,575)
-	1,016,647

On 19 November 2019, the Company entered into a \$2m equity financing agreement with Sorbie Bornholm LP comprising cash of \$300,000 deferred proceeds with a fair value on the date of acquisition of \$1,700,000. As part of the agreement, the Company acquired of 18 equity swaps for total consideration receivable of \$1,700,000 (\$ 94,444 per equity swap).

In April 2021, the Company negotiated the settlement of the last five equity swaps, to enable a subscription agreement to be executed with Diversified Metals LLC (refer Note 9). The settlement resulted in a final cash receipt by Kogi \$65,000.

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The equity swaps settled on a monthly basis over 18 months, and commenced on 10 March 2020, with one swap settling each month. The monthly settlement amount payable to the Company by the counter-party is determined by an independent settlement agent with the amount due calculated via reference to the average of the volume weighted average price of the Company's shares as traded on the Australian Securities Exchange for the twenty days preceding the settlement date ("VWAP"), compared to the benchmark price of \$0.053. Each one cent difference between the VWAP and the benchmark price resulted in a \$20,964 per month premium or discount to the amount to be received by the Company for the swap at settlement.

Fair value of financial assets at fair value through profit and loss

In April 2021, the last five equity swaps were settled in full, in return for a \$65,000 cash payment to Kogi. Therefore as at 30 June 2021 the fair value of the equity swap is nil.

In the prior year ended 30 June 2020, the fair value of the equity swaps was independently calculated using a Monte Carlo simulation model that took into account the Company share price at the valuation dates, the expected Company share price volatility over the period of the remaining equity swaps, the expected life of the equity swaps and the expected dividends over the life of the equity swaps as detailed below.

Equity swap valuation model: As the equity swap was linked to the expected share price of the Company's shares at the time of the swap, a Monte Carlo simulation model was used to determine the expected share price at the time of each swap. The valuation method adopted used the following inputs which were taken from publicly available information relating to the Company's share price at the time of the valuation, share price history of the Company and the terms and conditions of the equity swaps. The Monte Carlo Simulations allowed for expected future share prices to be calculated and an expected future value of each equity swap to be calculated, to provide a value for the entire agreement that remained outstanding at the valuation dates of 30 June 2020.

Share price at time of valuations: \$0.038 at 30 June 2020.

Expected life of equity swaps: The expected life of the equity swaps was taken to be the full period of time from grant date to expiry/exercise date. While there may have been an adjustment made to take into account any expected early or deferred exercise of the equity swaps or any variation of the expiry date by the Company, there was no past history that either of these factors would warrant an exercise of the equity swaps at dates different to those agreed upon, and there were no other factors at 30 June 2020 which would indicate that this would be a likely occurrence. Therefore, no adjustment to the expected expiry dates of the equity swaps was made at either valuation dates.

Share price volatility: The Company has a long history of share transactions to gauge the Company's share price volatility, and this data provides some indication of the expected future volatility of the Company's share price. The share price volatility over the prior 14 months prior to the funding agreement was 111.236%. Due to the Company's historical share price movement, and the relative percentage of each movement against share price, it was expected that this volatility would not change significantly over the life of the equity swaps. Therefore, volatility of 111.236% was used as the expected future share price volatility over the life of the equity swaps.

Expected dividends: Nil. Risk Free rate: 0.25%

Fair value: In April 2021, the last five equity swaps were settled in full, in return for a \$65,000 cash payment to Kogi. Therefore as at 30 June 2021 the difference between the settlement proceeds of \$65,000 and the fair value of the remaining swaps at settlement were recognised as a realised loss of (\$583,932). [In the prior year, as at 30 June 2020, the fair value of the remaining equity swaps was estimated at \$1,016,647. The difference between that valuation of the remaining equity swaps and the purchase price of the remaining swaps \$1,322,222 was taken to the statement of profit and loss and other comprehensive income as an unrealised loss for that year (\$305,575).]

Note 5. Other expenses

Bank fees and charges
Finance costs - Subscription Agreement (refer Note 9)
Depreciation expense
Total

2021	2020
\$	\$
3,066	3,189
330,395	-
4,478	470
337,939	3,659

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Note 6. Cash and cash equivalents

Cash at bank and on term deposit

Total

2021	2020
\$	\$
2,955,327	573,287
2,955,327	573,287

Refer to note 18 for the group's exposure to interest rate risk. Credit risk is limited to the carrying amount of cash and cash equivalents above.

Note 7. Trade and other receivables

GST refundable
Prepaid insurance
Prepayments – other
Sundry debtors

2021	2020
\$	\$
23,115	15,841
-	32,912
3,234	-
40	40
26,389	48,793

None of the above trade and other receivables are past due or require impairment.
Refer to note 18 for the group's exposure to credit and currency risks.

Note 8. Trade and other payables

CURRENT - unsecured liabilities

Trade & other payables
Accrued director fees (refer Note 24)
Other accrued expenses
Total trade and other payables

2021	2020
\$	\$
81,172	33,338
-	130,467
85,583	90,742
166,755	254,547

*This amount was settled via the issue of equity in the form of options following the completion of the allotment of shortfall options relating to the Entitlement Offer.
Refer to note 18 for the group's exposure to currency and liquidity risks.

Note 9. Financial liabilities

First Subscription Right market value
First Subscription Right discount to market

2021	2020
\$	\$
2,491,153	-
(491,153)	-
2,000,000	-

Subscription Agreement

Kogi executed an agreement for the institutional placement of fully paid ordinary shares (Shares) in the Company to Diversified Metals Holdings LLC (the Subscriber), a U.S.-based institutional investor, raising up to \$6,500,000 (the Subscription Agreement). The Subscription Agreement comprises three tranches:

- An initial placement to the value of \$2.14 million of Shares raising \$2.0 million (the First Subscription Right). The cash for the First Subscription Right was received 18 June 2021, following shareholder approval of the First Subscription Right on 11 June 2021.
- Kogi has the right (not the obligation) to undertake a second placement of \$2.14 million of Shares to raise a further \$2.0 million, with the funds to be received prior to the first anniversary of receipt of the funds for the First Subscription Right (Second Subscription Right). Kogi must exercise its option to undertake the Second Subscription Right by 26 October 2021; and
- Finally, subject to the mutual consent, an additional \$2.5 million of Shares may be placed by Kogi to the Subscriber to raise \$2.5 million (Third Subscription Right).

Following shareholder approval, and as part of the Subscription Agreement, on 16 June 2021 Kogi issued the Subscriber with 14,800,000 unlisted options at an exercise price of \$0.023765 expiring 15 June 2024 and issued 11,421,429 Shares as a commencement fee. In addition, the Company issued 9,800,000 shares which may either be applied against the Company's obligation to issue Shares under the First Subscription Agreement or at the Subscriber's option may be treated as an additional placement with additional funds to be provided to Kogi determined by the application of the Purchase Price (detailed below) – treated as 'Treasury Shares'.

Each of the three placements are made by way of the Subscriber prepaying the subscription price of the Shares in a lumpsum payment. Kogi will issue the Shares at the Subscriber's request within 24 months of the date of the corresponding prepayment. The number of shares so issued by the Company will be determined by applying the Purchase Price (as detailed further below). Kogi will have the right (but not obligation) to refuse an issuance of shares in relation to the Subscriber's request for issuance and instead to repay the subscription amount by making a payment to the Subscriber equal to the number of shares that would have otherwise been issued multiplied the Purchase Price or, if greater, the market value of the Placement Shares at that time (being the average of the VWAP of the last two trading days immediately prior to the Subscriber's request to issue shares).

The Purchase Price is fixed at \$0.034 per Share through until 26 August 2021 (being a 48% premium to the share price at the date of executing the Subscription Agreement on 26 April 2021), thereafter the Purchase Price will reset to the average of the five-daily volume-weighted average prices selected by the Subscriber during the 20 consecutive trading days immediately prior to the date of the Subscriber's notice to issue shares, less an 8% discount (or a 10% discount if the Placement Shares are issued after 26 April 2022). The Purchase Price will, nevertheless, be the subject of the Floor Price of \$0.01. If the Purchase Price formula results in a price that is less than the Floor Price, the Company may refuse to issue shares and instead opt to repay the relevant subscription price in cash (with a 5% premium), subject to the Subscriber's right to receive Placement Shares at the Floor Price in lieu of such cash repayment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The First Subscription Right constitutes a financial obligation of the Company to issue Shares and/or settle in cash and is therefore recognised as a financial liability at 30 June 2021 (detailed further below). As the Second Subscription Right is at Kogi's sole discretion and the Third Subscription Right requires mutual consent, neither have been recognised as a liability as at 30 June 2021.

Fair Value of the First Subscription Right

The fair value of Kogi's obligation to issue Shares under the First Subscription Right has been estimated as \$2,491,153 based on the following:

- \$2,140,000 face value of the Shares to be issued;
- \$211,648 to allow for an average 9% discount to the prevailing market price (being a simple average of the 8% discount to be applied in the first year of the settlement period and 10% applicable to the second year of the settlement period); and
- \$139,505 to allow for the inherent discount in the pricing formula being the average of the lowest five daily VWAPs in the preceding 20 trading days immediately prior to a Subscriber's notification to issue Shares. The inherent discount has been calculated as 5.6% based on the average discount to the daily closing market price from applying the formula daily over the preceding two years.

The fair value determined above has been calculated based on 'Level 3' inputs and therefore the difference between the fair value as determined above and the initial proceeds received (\$2,000,000) is required to be deferred and offset against the fair value of the liability.

Finance costs - Subscription Agreement

The costs associated with the Subscription Agreement have been estimated as \$330,395 comprising the following:

- \$126,836 fair value of the 14,800,000 options issued to the Subscriber using the Black-Scholes valuation methodology using a underlying ordinary share price of \$0.017 at the closing price the day prior to shareholder approval, a volatility of 92%, a risk free rate of 0.09%, an expiry date of 15 June 2024.
- \$194,164 fair value of the 11,421,429 Shares issued for the commencement fee valued at the closing price the day prior to shareholder approval of \$0.017.
- \$9,395 legal costs.

These costs have been recognised as an expense in the income statement (refer note 5).

Note 10. Income tax expense

(a) Numerical reconciliation of income tax benefit to prima facie tax payable

	2021 \$	2020 \$
Loss before income tax expense	(2,743,982)	(3,096,481)
Tax at the Australian tax rate of 30% (2020: 30%)	(823,194)	(928,944)
Tax effect of amounts that are not deductible /(taxable) in calculating taxable income		
Non-deductible share-based payments	144,968	66,031
Other non-deductible items	266,813	449,016
Timing differences and income tax benefit not recognised	411,413	413,897
Income tax benefit	-	-

(b) Tax losses

Unused tax losses for which no deferred tax assets has been recognised	24,523,581	22,979,024
Potential tax benefit at 30% (2020: 30%)	7,357,074	6,893,707

(c) Unrecognised temporary differences

Deferred tax assets and liabilities not recognised relate to the following:

Deferred tax assets

Tax losses ⁽ⁱ⁾	24,523,581	22,979,024
Other	7,357,074	415,372

(i) The taxation benefits of tax losses not brought to account will only be obtained if:

- assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in taxation legislation adversely effect the realisation of the benefit from the deductions.

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Note 11. Contributed equity

(a) Ordinary shares, fully paid

At the beginning of the reporting period
Shares issued during the year
Transaction costs relating to share issues

At the end of the reporting date

2021	2020
\$	\$
72,263,886	67,931,280
1,808,615	4,526,000
(171,108)	(193,394)
73,901,393	72,263,886

(b) Movements in Ordinary Share Capital

	2021 No. of shares	2021 \$	2020 No. of shares	2020 \$
At the beginning of the reporting period	774,462,336	72,263,886	661,644,742	67,931,280
Settlement of liabilities	-	-	15,873,016	809,524
Private placements	71,250,000	1,425,000	65,568,182	2,350,000
Share Purchase Plan	-	-	21,500,000	860,000
Shares issued in lieu of broker fees	-	-	2,982,955	140,198
Shares issued to service providers	1,073,390	31,831	6,893,441	366,278
Rights issue	8,756,638	157,620	-	-
Subscription Agreement - Commencement fee shares (refer note 9)	11,421,429	194,164	-	-
Subscription Agreement - Treasury Shares (refer note 9)	9,800,000	-	-	-
Share issue costs	-	(171,108)	-	(193,394)
At reporting date	876,763,793	73,901,393	774,462,336	72,263,886

(c) Number of ordinary shares (summary)

At the beginning of the reporting period
Shares issued during the reporting period
At reporting date

30/06/2021	30/06/2020
(number of shares)	
774,462,336	661,644,742
102,301,457	112,817,594
876,763,793	774,462,336

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called.

(d) Options

At the beginning of the reporting period
Options issued during the period: ^{1, 2, 3}
Options exercised during the period
At reporting date

2021	2020
(number of options)	
142,328,948	87,444,899
75,800,000	54,884,049
-	-
218,128,948	142,328,948

¹ 56,000,000 unlisted options were issued to continuing directors on 16 December 2020, following shareholder approval at the Company's Annual General Meeting held 15 December 2020. The options are expensed over the vesting periods. Refer note 23.

² 5,000,000 unlisted options were issued on the 1 December 2020 the Company's corporate advisor on 1 December 2020, in part payment for services provided. The options have an exercise price of \$0.03 and expire 1 December 2023. Refer note 23.

³ 14,800,000 unlisted options were issued on the 15 June 2021 as part of a Subscription Agreement. Refer note 9.

Note 12. Reserves

	2021	2020
	\$	\$
Share based payments reserve	1,737,715	1,877,478
Options reserve	1,083,251	1,083,251
Foreign currency translation reserve	(132,239)	(125,551)
	2,688,727	2,835,178
Movements:		
Share based payments reserve (refer note 23)		
Balance at beginning of period	1,877,478	1,657,374
Performance rights expensed	5,511	220,104
Performance rights reversed	(153,523)	-
Directors' options	557,037	-
Corporate advisor options	74,200	-
Subscription Agreement options (refer note 9)	126,836	-
Share based payments lapsed	(749,824)	-
Balance at end of period	1,737,715	1,877,478
Options Reserve		
Balance at beginning of period	1,083,251	702,337
Options issued during the period	-	548,840
Issue costs	-	(167,926)
Balance at end of period	1,083,251	1,083,251
Foreign currency translation reserve		
Balance at beginning of period	(125,551)	(95,460)
Currency translation differences arising during the period	(6,688)	(30,091)
Balance at end of period	(132,239)	(125,551)
Total Reserves	2,688,727	2,835,178

(a) Nature and Purpose of Reserves

(i) Share based payment reserve

The share based payments reserve is used to record the fair value of securities issued by the consolidated entity to directors as part of remuneration and to consultants for the provision of services settled in equity. Refer to note 23.

(ii) Options Reserve

The options reserve is used to record the proceeds from options issued by the consolidated entity as a capital raise, net of any issue costs.

(iii) Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

Note 13. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

	2021	2020
	\$	\$
Short-term employee benefits	399,872	600,015
Post-employment benefits	-	-
Share based payments	409,025	220,104
Total key management personnel compensation	808,897	820,119

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Note 14. Segment reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Board has concluded that at this time, there are no separately identifiable operating segments. The Group operates in one industry segment being mineral exploration, evaluation and development, and operates in one geographic segment being the Federal Republic of Nigeria.

Note 15. Cash flow information

Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax

Profit/(Loss) after income tax

Cash flows excluded from profit attributable to operating activities

Non-cash flows in profit from ordinary activities

Depreciation

Profit on sale of assets

Foreign exchange differences

Loss on share based settlement of liabilities

Finance costs - Subscription Agreement

Equity Swap losses realised

Equity Swap losses unrealised

Share based payments

Changes in assets and liabilities

(Increase)/decrease in receivables

Increase/(decrease) in payables

Increase/(decrease) in financial assets and liabilities

Cash flow used in operations

2021	2020
\$	\$
(2,743,982)	(3,096,480)
4,478	470
-	(218)
(6,598)	(30,091)
-	120,587
330,395	-
583,932	110,692
-	305,575
515,056	586,382
-	-
22,403	623
(128,448)	(332,918)
-	-
(1,422,764)	(2,335,378)

Non-cash investing and financing activities

Equity swaps – refer note 4

Issue of shares in settlement of liabilities – refer note 23

Issue of a Subscription Agreement – refer note 9

Note 16. Commitments

Future exploration

The Nigerian Minerals and Mining Act (2007) and the Nigerian Minerals and Mining Regulations (2011) do not prescribe minimum annual expenditure obligations for Exploration and Mining Licences, rather these obligations are managed by the Mines Inspectorate Department on a case by case basis. The Company expects it will be able to meet any expenditure obligations imposed for any of the Exploration and Mining Licences that it holds in the normal course of operations. If any expenditure obligations are not met, then the Company has the ability to request a waiver of these obligations or to negotiate amended obligations for the remaining term of the Licence or relinquish the Licence.

Annual licence fees of \$186,704 (2020: \$189,012) are payable to the government of Nigeria for the Exploration and Mining Licences that the group plans to retain in the next 12 months.

Note 17. Events subsequent to reporting date

On 23 September 2021, the Company announced the execution of a binding terms sheet to acquire Macro Metals Limited (Macro Metals), an unlisted Australian public company that beneficially owns 100% of iron ore tenements located within three producing iron ore jurisdictions in Western Australia. The consideration payable for Macro Metals is:

- 10,000,000 Kogi Shares at an agreed price of 1.3c per Share for the exclusive option for 60 days, for Kogi to complete satisfactory due diligence (Shares issued 24 September 2021);
- 384,615,385 Kogi shares to be issued at completion at an agreed price of 1.3c per Share; and
- a 1.5% FOB royalty, less any other third-party royalties.

In addition, nominees of Macro Metals will subscribe for a \$1M placement in Kogi at an issue price of 1.5c per share, with up to a further \$1M targeted to be placed by Kogi, for a total placement of up to \$2M (Placement).

The Proposed Acquisition and Placement are subject to Shareholder approval at an upcoming General Meeting to be held in November 2021. Macro Metals will have a right to appoint a non-executive director to the board of Kogi.

On 9 September 2021, the Company issued 43,636,364 ordinary shares fully paid shares following receipt of a settlement notice for a face value of \$480,000 under the Subscriptions Agreement with Diversified Metals LLC (refer note 9). Following the issue of these shares, the remaining face value of the subscription right is \$1,660,000.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact on the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly evolving and is dependent on measures imposed by the Governments of Australia, the Federal Republic of Nigeria and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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Other than the above, no matters or circumstance have arisen since 30 June 2021 that have significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 18. Financial instruments and risk management

Financial Instruments

Risk management is carried out by the Board of Directors. The Board provides principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the group.

The group holds the following financial instruments:

Financial assets

Cash and cash equivalents

Trade and other receivables

Financial assets at fair value through profit and loss (refer note 4 for valuation technique)

Financial liabilities

Trade and other payables

Financial liability (refer note 9)

2021 \$	2020 \$
2,955,327	573,287
26,389	48,793
-	1,016,647
2,981,716	1,638,727
166,755	254,547
2,000,000	-
2,166,755	254,547

The group's principal financial instruments comprise cash and short-term deposits, and equity funding agreements.

The main purpose of these financial instruments is to provide working capital for the group and to fund its operations.

The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

Market risk

Foreign currency risk

As a result of the group operating overseas (Federal Republic of Nigeria), the group is exposed to foreign exchange risk from commercial transaction and recognised assets and liabilities denominated in a currency that is not the group's functional currency. The carrying amount of the consolidated entities foreign currency denominated financial assets and financial liabilities at the reporting date is not considered material to the group.

The group also has transactional currency exposures. Such exposure arises from purchases by an operating entity in currencies other than the group's functional currency. The group does not enter into forward foreign exchange contracts or any other form of foreign currency protection instruments and does not have a hedging policy.

Interest rate risk

The group has minimal interest rate risk arising from cash and cash equivalents held. At 30 June 2021, the group have deposits on current accounts held with banks at variable interest rates, exposing the group to immaterial interest rate risk. The group does not consider the interest rate risk to be material to the group and have therefore not undertaken any further analysis of risk exposure.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the group. Given this the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of note 18.

Liquidity risk

Vigilant liquidity risk management implies maintaining sufficient cash balances and access to equity funding to enable the group to pay its debts as and when they become due and payable.

The Board of directors' monitor the cash levels of the group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage liquidity risk.

As at reporting date the group had sufficient cash reserves to meet its immediate requirements. The group has no access to credit standby facilities or arrangements for further funding or borrowings in place at reporting date, other than the equity swap arrangement detailed further in Note 4. The Company will need to secure additional equity or debt funding to enable it to meet its ongoing requirements.

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Maturities of financial liabilities

The following tables detail the group's remaining contractual maturity for its financial liabilities at the reporting date. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. Provided the liabilities below are paid in accordance with the specified payments terms no interest is payable, the tables have been constructed on this basis.

There were no Derivative Liabilities as at 30 June 2021 or 30 June 2020.

At 30 June 2021	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$	\$
Non-derivatives							
Non-interest bearing	2,166,755	-	-	-	-	2,166,755	2,166,755
Variable rate	-	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-	-
Total non-derivatives	2,166,755	-	-	-	-	2,166,755	2,166,755
At 30 June 2020	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$	\$
Non-derivatives							
Non-interest bearing	254,547	-	-	-	-	254,547	254,547
Variable rate	-	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-	-
Total non-derivatives	254,547	-	-	-	-	254,547	254,547

The basis of the valuation of cash is fair value, being the amounts for which the cash can expect to be received in the normal course of business.

Fair value measurement

Measured at fair value on recurring basis

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer note 9 for a summary of the terms and valuation of the Financial liability relating to the Subscription Agreement.

The table below summarises financial assets and liabilities at fair value at each level of measurement:

At 30 June 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit and loss (refer Note 4)				
Equity Swaps - Current	-	-	-	-
Equity Swaps - Non-current	-	-	-	-
Financial liabilities at fair value through profit and loss (refer Note 9)				
First Subscription Right	-	-	(2,000,000)	(2,000,000)
	-	-	(2,000,000)	(2,000,000)
At 30 June 2020				
Financial assets at fair value through profit and loss (refer Note 4)				
Equity Swaps - Current	-	-	851,271	851,271
Equity Swaps - Non-current	-	-	165,376	165,376
	-	-	1,016,647	1,016,647

Refer to Note 4 for the valuation technique and inputs used for Financial assets at fair value through profit and loss - Equity Swaps.

Refer Note 9 for the valuation technique and inputs used for Financial liabilities at fair value through profit and loss - First Subscription Right.

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Note 19. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 28. Unless otherwise stated each of the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of entity	Principal activities	Country of incorporation	Ownership interest	
			2021	2020
KCM Mining Holdings Pty Ltd	Mineral exploration and evaluation studies	Australia	100%	100%
KCM Mining Limited	Iron ore exploration and evaluation activities	Nigeria	100%	100%

Note 20. Dividends

No dividends have been declared or paid during the period.

Note 21. Contingent liabilities and expenses

There are no contingent liabilities as at 30 June 2021 (2020: nil).

Note 22. Capital commitments

There are no capital commitments as at 30 June 2021 (2020: nil).

Note 23. Share based payments

The Company had the following equity settled transactions during the year:

The Company had the following equity settled transactions during the period:

Share-based payments expense

Recognised in profit or loss and other comprehensive income:

Director performance rights reversed
Director performance rights expensed
Director's options expensed
Corporate advisor options expensed

Ordinary shares issued in lieu of payment for professional fees
Ordinary shares issued for costs relating to the Sorbie transaction

Total share-based payment expense

2021 \$	2020 \$
(153,523)	-
5,511	220,104
557,037	-
74,200	-
483,225	220,104
31,831	232,755
-	133,523
515,056	586,382

Other equity settled transactions

Recognised in equity and reserves as issue costs:

Ordinary shares issued in lieu of payment of broker fees
Listed options issued as underwriter fees for Option Entitlement Issue

Other

Ordinary shares issued in settlement of liabilities

Total other equity settled transactions

-	140,198
-	100,000
-	809,524
-	1,049,722

The tables below summarise the share-based payment arrangements in place during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



Director performance rights

Performance rights were granted to directors in prior period ending 30 June 2020. There were 8 classes of Performance Rights with varying vesting dates and vesting conditions. All remaining unvested performance rights were voluntarily relinquished during the period ending 30 June 2021. During the prior year ended 30 June 2020, the fair value of the performance rights granted was estimated at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the performance rights were granted. The fair value of the performance rights was being recognised as an expense over the vesting periods. For the year ended 30 June 2021, an expense of \$5,511 was recognised for the performance rights through to the date they were relinquished (2020: \$220,104). Additionally, an amount of \$153,523 previously expensed in the year ended 30 June 2020 was reversed as a credit through the profit or loss and other comprehensive income in the period ended 30 June 2021.

Name	Balance 01/07/20	Lapsed during the period	Relinquished during the period	Balance as at 30/6/2021	Vested as at 30/6/2021
	No.	No.	No.	No.	
Greg Boulton ¹	7,500,000	-	(7,500,000)	-	-
David Turvey ¹	9,000,000	-	(9,000,000)	-	-
Peter Huijich ²	7,500,000	(750,000)	(6,750,000)	-	-
	24,000,000	(750,000)	(23,250,000)	-	-

¹ The unvested performance rights held by Messrs Boulton and Turvey were relinquished 9 November 2020 before the vesting dates. Messrs Boulton and Turvey retired as directors following the Annual General Meeting on 15 December 2020. \$153,523 previously expensed in the year ended 30 June 2020 was reversed as a credit through profit or loss and other comprehensive income in the period ended 30 June 2021.

² In the case of the unvested performance rights held by Peter Huijich:

- 750,000 performance rights lapsed as the vesting conditions had not been met by the vesting date of 9 December 2020 (Class B Performance Rights). The remaining unexpensed value of these performance rights of \$5,511 was expensed through to the date the performance rights lapsed; and
- The remaining performance rights were relinquished and replaced with the options issued to continuing directors on 16 December 2020, following shareholder approval at the Company's Annual General Meeting held 15 December 2020 (refer below).

Director options

56,000,000 unlisted options were issued to continuing directors on 16 December 2020, following shareholder approval at the Company's Annual General Meeting held 15 December 2020. The options are expensed over the vesting periods.

Name	Tranche 1	Tranche 2	Tranche 3	Total	Fair Value	Share Based Payment Expense	Remaining Fair Value in vesting period
	No.	No.	No.	No.	\$	\$	\$
Craig Hart	5,000,000	5,000,000	10,000,000	20,000,000	283,450	190,613	92,837
Richard Little	3,000,000	3,000,000	6,000,000	12,000,000	170,070	114,368	55,702
Sean Gregory	3,000,000	3,000,000	6,000,000	12,000,000	170,070	114,368	55,702
Peter Huijich ¹	3,000,000	3,000,000	6,000,000	12,000,000	201,238	137,688	63,550
	14,000,000	14,000,000	28,000,000	56,000,000	824,828	557,037	267,791

¹ The options issued to Peter Huijich replace the 6,750,000 relinquished performance rights. In line with Accounting Standards, the fair value of the unvested performance rights of \$110,990 (revalued as at 15 December 2020 based on the closing price of Ordinary Shares traded on the ASX on 14 December 2020) together with the \$59,080 incremental fair value of the new director's options over and above the revalued performance rights. The total value of \$201,238 is expensed over the modified vesting period of the new options (being to 31 December 2021).

The fair value of the director options were estimated at the date of approval by shareholders on 15 December 2020, based on a Black-Scholes model using an underlying ordinary share price of \$0.022 at the date of shareholder approval, a volatility of 109%, a risk free rate of 0.35%, expiry dates of 15 December 2025 and otherwise taking into account the terms and conditions upon which the options were granted:

	Exercise Price	Vesting Conditions	Fair Value Per Option
Tranche 1	\$0.03	Vests immediately	\$0.01635
Tranche 2	\$0.05	Vest upon successful capital raises of \$4,000,000 or more, prior to 15 December 2021	\$0.01490
Tranche 3	\$0.10	Vest upon the earlier of: the volume weighted average price of the Company's Shares traded on the ASX for 30 consecutive business days exceeding A\$0.15; or 31 December 2021	\$0.01272

Corporate advisor options

5,000,000 unlisted options were granted to the Company's corporate advisor on 1 December 2020, in part payment for services provided. The options vested immediately, have an exercise price of \$0.03 and expire 1 December 2023. The fair value of the options was estimated at the Board approval date, based on a Black-Scholes model using an underlying ordinary share price of \$0.024 at the date of Board approval, a volatility of 109%, a risk free rate of 0.11%. The estimated fair value of \$74,200 or \$0.01484 per option, has been expensed in full in the period ending 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



Note 24. Related party transactions

Parent entity

Kogi Iron Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 19.

Terms and conditions of transactions with subsidiaries

Outstanding inter-company loan balances at year end are unsecured and are not interest bearing.

Key management personnel and directors

Unpaid director fees

The table below details as at the reporting date the amount of accrued director fees owing to Board members serving during the financial year to 30 June 2021.

Name	Balance 01/07/20	Remuneration incurred for the period	Remuneration paid during the period	Balance as at 30/06/2021
	\$			\$
Craig Hart	-	120,829	(107,496)	13,333
Peter Huijich	32,193	60,000	(87,193)	5,000
Richard Little	-	46,167	(41,167)	5,000
Sean Gregory	-	40,000	(35,000)	5,000
David Turvey	47,192	91,125	(138,317)	-
Greg Boulton	51,082	41,751	(92,833)	-
Total	130,467	399,872	(502,006)	28,333¹

¹ The balance of \$28,333 is included in trade and other payables.

Name	Balance 01/07/19	Remuneration incurred for the period	Share Based Payments	Remuneration paid during the period	Balance as at 30/06/2020
	\$				\$
David Turvey	9,385	313,450	-	(275,643)	47,192
Greg Boulton	35,500	114,454	-	(98,872)	51,082
Peter Huijich	9,385	60,000	-	(37,192)	32,193
Don Carroll (resigned 2 April 2020) ²	290,000	80,861	(240,000)	(130,861)	-
Martin Wood (resigned 5 August 2019) ³	199,830	31,250	-	(231,080)	-
Total	1 544,100	600,615	(240,000)	(773,648)	1 130,467

¹ The balance of \$130,467 is included in trade and other payables.

² \$240,000 of Director fees owing to Mr Don Carroll were settled by issue of 5,952,381 ordinary shares in accordance with a deed of settlement at a deemed issue price of 4.03 cents per share, settlement of the liability by issue of shares resulted in a loss on settlement of \$63,571 compared to the market price of the shares of 5.10 cents at the date of issue.

³ Paid as a consultant for the following 2 months after resignation date for an additional fee of \$62,500. As at 30 June 2020 no amount was payable to Mr Wood (2019: \$199,830)

Director performance rights

Performance rights were granted to directors in prior period ending 30 June 2020. There were 8 classes of Performance Rights with varying vesting dates and vesting conditions. All remaining unvested performance rights were voluntarily relinquished during the period ending 30 June 2021. Refer note 23 for further details.

Name	Balance 01/07/20	Lapsed during the period	Relinquished during the period	Balance as at 30/6/2021	Vested as at 30/6/2021
	No.	No.	No.	No.	
Greg Boulton	7,500,000	-	(7,500,000)	-	-
David Turvey	9,000,000	-	(9,000,000)	-	-
Peter Huijich	7,500,000	(750,000)	(6,750,000)	-	-
	24,000,000	(750,000)	(23,250,000)	-	-

Director Unlisted Options

56,000,000 unlisted options were issued to continuing directors on 16 December 2020, following shareholder approval at the Company's Annual General Meeting held 15 December 2020. The options are expensed over the vesting periods. Refer Note 23 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



Name	Tranche 1	Tranche 2	Tranche 3	Total	Fair Value	Share Based Payment Expense	Remaining Fair Value in vesting period
	No.	No.	No.	No.	\$	\$	\$
Craig Hart	5,000,000	5,000,000	10,000,000	20,000,000	283,450	190,613	92,837
Richard Little	3,000,000	3,000,000	6,000,000	12,000,000	170,070	114,368	55,702
Sean Gregory	3,000,000	3,000,000	6,000,000	12,000,000	170,070	114,368	55,702
Peter Huijich ¹	3,000,000	3,000,000	6,000,000	12,000,000	201,238	137,688	63,550
	14,000,000	14,000,000	28,000,000	56,000,000	824,828	557,037	267,791

Note 25. Earnings per share

- (a) Reconciliation of earnings used to calculate EPS to net profit or loss
Net Loss \$
- (b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS
- (c) Basic loss per share

2021	2020
(2,743,982)	(3,096,480)
817,308,420	726,483,508
(\$.003)	(\$0.004)

Note 26. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the group, its related practices and non-related audit firms.

Auditing or reviewing the financial reports (BDO Audit (WA) Pty Ltd)

Total

2021 \$	2020
43,769	38,482
43,769	38,482

Note 27. Parent entity information

Information relating to Kogi Iron Limited

Current assets

Non-current assets

Total assets

Current liabilities

Non-current liabilities

Total liabilities

Issued capital

Accumulated losses

Option Reserve

Share based payments reserve

Total shareholder equity

Profit (loss) of parent entity

Total comprehensive profit (loss) of parent

2021 \$	2020 \$
3,027,549	1,615,190
-	-
3,027,549	1,615,190
(2,142,974)	(227,513)
-	-
(2,142,974)	(227,513)
73,901,393	72,263,886
(75,837,784)	(73,836,939)
1,083,251	1,083,251
1,737,715	1,877,478
884,575	1,387,677
(2,750,669)	(3,579,412)
(2,750,669)	(3,579,412)

Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Kogi Iron Limited has not entered into any parent entity guarantees for any of its subsidiaries.

Details of contingent liabilities of the parent entity

Refer to note 21 for details.

Details of any contractual commitments by the parent entity of the acquisition of property, plant and equipment

There are no contractual commitments by Kogi Iron Limited for the acquisition of property, plant and equipment.

Tax consolidation

Kogi Iron Limited and its Australian domiciled subsidiaries have formed a tax consolidation group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



Note 28. Summary of Significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Kogi Iron limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. Kogi Iron Limited is a for-profit entity for the purpose of preparing the financial statements.

These financial statements have been approved for issue by the Board of Directors of Kogi Iron Limited on 30 September 2021.

(i) Going Concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has considered its ability to continue as a going concern, using Group metrics and information for at least the next 12 months from the approval date of these financial statements, taking into consideration and estimation of continued business impacts of COVID-19. This assessment assumes the Group will be able to continue trading and realise its assets and discharge its liabilities in the ordinary course of business beyond this period.

The Group's going concern assumption is supported by the following: as at 30 June 2021, the Group has cash on hand of \$2,955,327, liabilities of \$2,000,000 relating to the First Subscription Right which are to be satisfied by the issuance of Kogi Ordinary Shares, and an unutilised Second Subscription Agreement Right (refer Note 9) with potential additional proceeds of up to \$2,000,000 subject to available share issuance capacity or shareholder approval. This compares to other net liabilities of \$140,366 at that date and reported net operating cashflows of \$1,422,764 for the most recent year, ended 30 June 2021. The potential acquisition of Macro Metals, announced subsequent to year end, is not expected to impact this assessment as the acquisition is coupled with a targeted placement of up to \$2,000,000 (with a minimum of \$1,000,000), should the acquisition proceed to completion. Accordingly, the Group has sufficient liquidity to fund its operations.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business.

(ii) Compliance with IFRS

The consolidated financial statements of the Kogi Iron Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

(iii) Historical cost convention

The financial statements have been prepared on an historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments) – measured at fair value (refer Note 4).

(iv) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the Board to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 28.

(v) New and amended standards adopted by the group

The accounting policies adopted are consistent with those of the previous financial year, except where new standards have been adopted

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to the Group and effective for the current annual reporting period. No new or amended accounting standards have been adopted.

(vi) New accounting standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2021. Based on current operations, the Company has assessed no material impact of these new or amended Accounting Standards and Interpretations.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Kogi Iron Limited.

(iv) Changes in ownership interests

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Kogi Iron Limited assesses the financial performance and position of the group, and makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Kogi Iron Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



(e) Revenue from contracts with customers

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

(f) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. The Board periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Kogi Iron Limited and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss. See note 7 for further information about the group's accounting for trade receivables.

(k) Financial instruments

Investment and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value (either through OCI, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments: The Group subsequently measures all equity investments at fair value. Where the Company's/Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's/Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(l) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Kogi Iron Limited Loan Share Plan and an employee share scheme. Information relating to these schemes is set out in note 23.

The fair value of Loan Performance Shares granted under the Kogi Iron Limited Loan Performance Share Plan is recognised as an employee benefits expense. The total amount to be expensed is determined by reference to the fair value of the Loan Shares held which includes the probability of achieving any vesting conditions and the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In the case of directors of the Company, the vesting period and the expensing of this remuneration will only start from the date shareholders approve the issue of securities to that director. At the end of each period, the entity revises its estimates of the number of Loan Shares that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The Loan Share Plan is administered by the Kogi Iron Limited Board of directors and was approved by shareholders in general meeting on 30 November 2012. When the Loan Shares vest and the loan provided for the shares is repaid, the proceeds received net of any directly attributable transaction costs are credited directly to equity.

(vi) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or Loan Shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group Company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Kogi Iron Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Kogi Iron Limited.

(o) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding Loan Shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(r) Parent entity financial information

The financial information for the parent entity, Kogi Iron Limited, disclosed in note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Kogi Iron Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

Kogi Iron Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Kogi Iron Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Kogi Iron Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Kogi Iron Limited for any current tax payable assumed and are compensated by Kogi Iron Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Kogi Iron Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



(s) Lease accounting – The Group as lessee

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets are included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in trade and other payables.

Currently the Group currently only has leases with a remaining term of less than 12 months and leases for low-value assets. The Group has elected to account for these short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

29. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the Board to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Board continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Board bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, the Board believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are detailed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and service providers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options are determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the options were granted. The fair value of ordinary shares issued is determined by reference to the closing price of Kogi's shares on the ASX the day prior to approval to enter into the transaction. Refer note 23.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Financial asset at fair value through profit or loss

In the prior year ended 30 June 2020, the Company entered into a subscription agreement for the issue of 56,818,182 ordinary shares at the subscription price of \$2,000,000. The subscription price was settled with an initial lumpsum payment of \$300,000 and an equity swap agreement (receivable) for 18 equity swaps totalling \$1,700,000. At initial recognition, the Company has measured the fair value as the transaction price (i.e. the fair value of the consideration given or received). The Directors believe that the subscription price of \$2,000,000 represented fair value based on an arms-length transaction between two parties.

Subsequent to initial recognition, the financial asset was recognised at its fair value at the reporting date based on an independent expert valuation with any revaluation increment or decrement recognised through profit and loss. Furthermore, the shares issued as consideration for the above subscription agreement have been deemed to be classified as equity, as the Company has issued a fixed number of shares and extinguished its obligation under the subscription agreement.

In April 2021, the last five equity swaps were settled in full, in return for a \$65,000 cash payment to Kogi. Therefore, as at 30 June 2021 the fair value of the equity swap is nil. (refer note 4 for further details).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to government regulations, supply chain, staffing in the geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, at this stage there does not appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Financial liability initially recognised at fair value

The Group entered into a Subscription Agreement with Diversified Metals LLC (refer note 9). The fair value of the Group's obligation to issue shares under the agreement was determined as \$2,491,153 by grossing up the \$2,140,000 face value of the subscription right for the discount from the future market price of the Kogi's shares, inherent in the pricing formulae under the Subscription Agreement (based on historical trading prices for Kogi's shares). The difference between the fair value of \$2,491,153 and the proceeds received of \$2,000,000 shall be recognised as an expense as the shares are issued under the subscription right.

The cost of funding recognised at the commencement of the Subscription Agreement is \$330,395 comprising the fair value of \$211,648 for the options issued to the Subscriber using the Black-Scholes valuation method, the fair value of the shares issued to the Subscriber as a commencement fee using the closing price of the Company's shares on the ASX the day prior to shareholder approval of the transaction, and \$9,395 of legal costs.

Directors' Declaration:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
- Complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - Giving a true and fair view of the group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 28 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations required by the chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Craig Hart', followed by a horizontal line.

Craig Hart
Non-Executive Chairman
30 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Kogi Iron Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kogi Iron Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Subscription Agreement with Diversified Metals Holdings LLC

Key audit matter	How the matter was addressed in our audit
During the financial year ended 30 June 2021, the Company entered into a Subscription agreement with Diversified Metals Holdings LLC to secure funding by way of Subscription Right. The accounting of this transaction is considered to be a key audit matter due to the following: • Judgements required by management in the selection of a suitable valuation methodology; • The accounting treatment for inputs used and valuation method applied; and • The complexity of the accounting policy adopted by management. Refer to Note 28 and Note 29 of the financial report for a description of the accounting policy and significant estimates and judgements applied to these transactions.	Our procedures included, but were not limited to: • Reviewing the underlying agreements executed in the period and management's assessment of the arrangement in accordance with accounting standards; • Holding discussions with management to obtain an understanding of the transaction; • Involving technical experts for accounting and valuation methodologies; • Reviewing management's calculation carried out in respect of the accounting for financial instruments; • Reviewing the classification of this arrangement in the financial report; and • Assessing the adequacy of the related disclosure in Note 9, Note 28 and Note 29.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 16 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Kogi Iron Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, stylized 'BDO' logo.

Dean Just

Director

Perth, 30 September 2021